



Market and Trade Data

U.S. Apple Exports to U.K. Timed for December

By Philip Bicknell

U.S. apple exporters have been taking advantage of declining domestic production in the U.K. (United Kingdom). Opportunities are plentiful as U.K. consumers have not let low domestic supplies diminish their appetite for premium fresh apples.

An estimated 80 percent of the 630,000 metric tons of fresh apples consumed in the U.K. in marketing year (MY) 2004 (July-June) were imports. At 517,560 metric tons, these imports were 6 percent higher than the year before.

Competitors Vie for Market Share

France, South Africa and New Zealand supply about two-thirds of the apple volume entering the U.K.

Traditionally the fourth largest foreign supplier, U.S. apple exports to the U.K. have increased dramatically over the last two seasons. According to World Trade Atlas statistics, MY 2004 shipments totaled 34,170 tons, a 13-percent increase over the year before and a 50-percent increase on MY 2002 shipments.

Following closely in volume are apples from Italy and Chile. Italy is a key supplier of organic fruit.

Chile has benefited from its nationwide agricultural ChileGAP regime that enables their producers to meet the traceability demands of the EU (European Union, of which the U.K. is a member). Also, provisions of the EU-Chile Free Trade Agreement have increased the competitiveness of Chilean produce.

China is expected to become a dominant fixture in the U.K.'s fresh fruit sector as its apple industry works toward meeting EU standards and improving quality, food safety, variety and packaging.

Carryover, Bumper Crops Crowd Early Fall Market

Early signs for the MY 2005 season indicate strong competition for domestic and other European crops due to carryover of apple stocks from the Southern Hemisphere. Also, new supplies from Poland and Hungary and a bumper French crop will have an effect on all EU apple markets.

Any oversupply should be consumed by the time U.S. apples come to grocery shelves in greater volumes in December.

Dessert Apples Favored by Domestic Planters

U.K. apple orchards yielded an estimated 204,674 tons in MY 2004. Though planted areas have increased marginally for dessert (fresh) apples, they have fallen with culinary (processing) varieties.

Dessert planted area rose to 5,207 ha (1 hectare = 2.471 acres) in MY 2004; culinary area fell to 3,943 ha, down from 5,352 in MY 2000.

Market Characteristics

U.K. citizens consume an average 14.1 kg (1 kilogram = 2.2046 pounds) per year of apples, compared to 8.6 kg a year in the United States. England's southwest consumes about 20 percent more fresh fruit than the average in the U.K., while Northern Ireland, Scotland and northern England consumers fall below the midpoint. Adult-only households consume more apples than families with children.

Supermarkets dominate apple sales, accounting for more than 86 percent, with smaller diameter, packaged products the most sold. The overall trend for fruit consumption is up, though growth is driven by increased availability of more types of fruit. Apple sales have greatly benefited from supply chain improvements.

The supermarket share of retail sales continues to increase at the expense of independent outlets. Although the U.K. is considered a mature market, food retailing is dynamic, evidenced in the fresh produce sector by the introduction of new varieties, innovative packing and niche market opportunities. In-store sales promotions also increasingly center on price discounts and multi-buy offers.

Another trend that has influenced fresh produce consumption: the U.K. government has been addressing obesity issues. Government initiatives encourage fruit and vegetable consumption through the 5-a-day program and provide fruit to children via the National Fruit for Schools. Retailers and food manufacturers have supported these initiatives.

Exporting to the U.K.

Import duties for apples are set under the EU Harmonized Tariff Schedule, using a scale of entry prices per 100 kg of product.

Fresh produce imports into the U.K. must conform to EU quality standards and food additive and pesticide regulations.

Defra, the U.K.'s Department for the Environment, Food and Rural Affairs, regulates

imports of all plants and plant products. Detailed requirements for exporting to the UK can be found at:

<http://www.defra.gov.uk/planth/impexp.htm>

Shipments must also be accompanied by a phytosanitary certificate. This statement attests that the shipment has undergone an official inspection in the country of origin, complies with European Commission statutory requirements for imports and is free from harmful organisms. Additionally, all imports from countries outside the EU must have a valid certificate of conformity or certificate of industrial use.

Regulations also oblige importers to provide all information necessary for the Defra inspection authority; this information can be provided online.

One market plus — U.S. apples just qualified for reduced levels of inspection upon entry to EU member states.

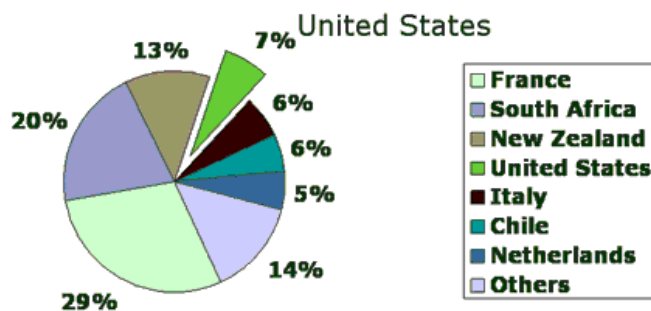
Marketing Puts Polish on Sales

MAP (the Market Access Program) and producer funding support consumer and trade initiatives that include tastings, competitions, advertising, point-of-sale materials and on-pack promotions.

U.S. apples are mostly marketed from December onward, after domestic and other import supplies wane. ■

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U.S. Apple Exports to U.K. Reached 34,170 Metric Tons in MY 2004



U.K. imports of 517,560 metric tons in MY 2004 reflect 6-percent increase over previous year

Associations Plug Exports

U.S. suppliers have helped fill the shortfall with quality fruit. The Washington Apple Commission and the U.S. Apple Export Council conduct marketing campaigns to coincide with the arrival of U.S. fruit.

The Washington Apple Commission, which promotes apples grown in Washington State, is bullish on U.K. niche markets.

"We ship the highest quality apple we have to the U.K. market," says George Smith, marketing specialist for the Commission. Best-selling premium apples exported to the U.K. include the conventional Red Delicious and Pink Lady varieties, along with organic Gala, Braeburn and Pink Lady.

"Our goal is to maintain our Red Delicious market while maximizing other premium varieties. We target the upscale consumer," Smith says. Washington apples are on U.K. grocery shelves year-round though promotions begin in earnest in the fall.

These marketing efforts are paying off. Exports of Washington apples to the U.K. rose over 25 percent from CY (crop year) 2003 to 2004--up to almost 21,000 tons. Organics made up more than a quarter of these sales.

The U.S. Apple Export Council, which represents producers in New England, New York, Michigan, Virginia, Pennsylvania and California, reports sales of \$9.3 million to the U.K. and Ireland in CY 2003-04.

Neil Gordon, the Council's marketing specialist for the region, reports, "Our retailer-specific marketing support helps to maintain popularity of our apples against stiff competition from more than 15 countries, and ensures that our apples appear on the shelves of every major chain in the U.K. and Ireland. Since nearly 80 percent of retail apple sales are through four major supermarket chains, that is where we concentrate our effort."

Most popular export varieties from Northeast producers include Empire, which made up almost two-thirds of total volume sales of 12,287 tons in calendar 2003-04; McIntosh exports, especially popular in Scotland and Northern Ireland, weighed in at just under 2,000 tons, with Spartan, Gala and a few other varieties rounding out sales.

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